



Questions & Answers for Our Travel Agent Partners Regarding the Royal Caribbean International® and Celebrity Cruises® Rebate Policy

(FAQ's update 1 – 8/20/04)

SELLING PRICES FOR THE CRUISE

Q: We comply in every respect with the Rebating Policy in our advertisements. However, to close the sale we want to offer, orally, a rate below LAPACF (lowest applicable publicly available cruise fare). Can we do so?

A: No. The same restrictions that apply to your advertisement of cruise rates apply to any sales you make. If a cruise cannot be advertised at a price below \$500.00, it cannot be sold below that price. This restriction applies regardless of the manner in which the sale occurs (e.g. face to face, telephone calls or Internet sales.)

ENFORCEMENT OF THE POLICY

Q: How is this policy being enforced?

A: Royal Caribbean and Celebrity have developed and will implement a variety of procedures designed to make conformance with the policy easy and quick. We expect to continually refine our procedures as needed to make the implementation of this policy a success. We cannot respond to individual queries regarding whether enforcement action is being considered or regarding what enforcement action has been taken against a specific agency. These matters have to be handled as an internal decision made solely by the cruise lines without consultation or discussion with other travel agents.

Q: If the policy is violated, what actions will be taken?

A: The enforcement procedures currently contemplated include the elimination of co-op support and/or the lowering of base commission and/or variable volume commissions. Ultimately a failure to comply with the policy may result in an account being placed on no-book status or termination of the relationship with the account. The specific enforcement actions taken and the timing thereof are matters that the cruise lines will unilaterally determine without consultation or discussion with other travel agencies.

WHAT CONSTITUTES A PROHIBITED REBATE?

Q: Can an agency advertise “free” incentives or value-adds (e.g. hotel nights, limo rides, free camera or piece of merchandise, etc...)?

A: No agencies can advertise, market or sell below our published or contracted pricing programs. Any rebating or incentive programs that can be converted to cash or currency, (e.g., a \$50 credit card certificate), are not permitted. Any incentives that are used to promote either of our brands, such as a department store or Home Depot gift card, must be pre-approved by either a Royal Caribbean or Celebrity Sales Director.

Q: Can an agency advertise cash back offers?

A: No. From our perspective, any such cash back offer is funded out of the agency’s commission. This is in violation of the policy.

Q: In direct consumer / agent conversations (via phone or e-mail), can an agent offer a rebate or discount to close the sale?

A: This is not an acceptable practice and will be policed by cold-calls and constant website monitoring.

Q: If an agency is affiliated with a National Account, can that agency advertise approved Royal Caribbean or Celebrity promotions that are specific to that National Account?

A: Yes. Any promotions agreed upon by Royal Caribbean/Celebrity and the National Account partner are approved promotions and may be advertised.

Q: Can bidding or auction sites advertise Royal Caribbean and Celebrity?

A: These practices are prohibited by separate pre-existing policies of the cruise lines and remain unchanged by the Rebating Policy.

Q: Can rates below LAPACF be advertised to a private membership base, club membership or private opt-in e-mail database?

A: No. This is considered advertising rebated rates. Even in a “closed” environment, this is against policy.

Q: Can an agency who has a password protected website offer discounted rates to its clients?

A: The discounted rates cannot be less than the LAPACF. The Rebating Policy prohibits any form of rebating even in a closed environment.

Q: Can official dollars-off offers provided by Royal Caribbean and Celebrity be advertised at the dollar off rate (LAPACF minus dollar off amount) or do they have to be advertised as the full published rate with dollar-off coupon attached?

A: So long as the dollar-off offer is applicable to a rate, that rate can be advertised either way. For example, if the LAPACF is \$600.00 and the dollars off coupon is for \$50.00, you could advertise a rate of \$550.00 (subject to any applicable laws) or a rate of \$600.00 and receive \$50.00 off.

Q: Are on-board credits considered a value-add that is allowed? Is Royal Caribbean going to omit this from the on-board Future Sales promotions?

A: No; onboard credits as a value add are not permitted.

Q: Will Royal Caribbean continue to offer Crown & Anchor coupons to past guests?

A: Yes. The Rebating Policy should have no impact on our Crown & Anchor program.

Q: If an agency has their own credit card promotion which offers dollars off for paying in full with that credit card, is this allowed to be advertised as a value add?

A: No. The credit card promotion is directly linked to a specific dollar or currency value, which is not allowed.

Q: Can an agency make final payment to Royal Caribbean and Celebrity for an amount that is less than the LAPACF?

A: We have measures in place to ensure that the final payment on FIT bookings is at least equal to the LAPACF in our call centers and will continue to upgrade those measures and roll out similar preventive measures in other channels. The agency must call in a payment that is at least equal to LAPACF. Weekly back-end reporting will report any account paying less than the gross amount due via CruisePay or other online channels.

Q: Is it OK to advertise in the paper "Call us for Group pricing"?

A: This is acceptable because the language suggests the more space you buy the better the rate that will be available.

Q: Is it OK to advertise in the paper "We discount ALL cruiselines"?

A: Yes. We are only requiring that travel agencies not advertise below the applicable LAPACF.

Q: Can I offer pre-paid gratuities as a value add to my clients?

A: No. This is equivalent to a specific dollar value, which is against policy.

Q: Can I offer free vacation protection coverage as a value add to my clients?

A: Yes. This type of coverage is often negotiated between an agency and a provider of coverage, and the client will not know the exact dollar amount of the specific coverage being provided. The client also cannot return the coverage for cash.

Q: Can I offer a gift card or gift certificate to a retail store as a value add to my clients (even if it cannot be turned in for cash and must be used for merchandise)?

A: Unless approved in advance by Royal Caribbean or Celebrity, this is not allowed. The gift card or gift certificate will have a specific dollar value attached to it and therefore violates policy. Royal Caribbean and Celebrity reserve the right to review any proposals provided to the cruiselines for specific sales or promotions where this value add might be beneficial on select ships and sail dates determined by the cruiselines.

Q: Can I offer category upgrades to my clients as a value add?

A: No. A specific dollar value can be computed for this upgrade offer, and therefore it is against policy.

Q: Can I offer a free Shore Excursion offered by the cruiseline to my clients as a value add?

A: No. This has a specific dollar value attached to it, which is against policy.

Q: Can I offer a free Shore Excursion purchased through a third party (not Royal Caribbean or Celebrity) to my clients as a value add?

A: Yes, this type of offer is often negotiated between an agency and a tour operator, and the client will not know the exact dollar amount of the excursion being provided. The client also cannot return the excursion for cash. Royal Caribbean and Celebrity Cruises will not be liable for any disruption to third party tour due to itinerary change/cancellation.

Q: Can I offer a free travel club membership to my clients as a value add?

A: If existing membership based organization OK. Otherwise No. The price of the travel club membership is known to the client and therefore cannot be offered as a value add due to a specific dollar value being attached.

Q: Can an agency require the full cruise fare to be paid by the client but offer free tax as a value add?

A: No. A specific dollar value can be assigned to the taxes and fees associated with any cruise, and therefore this practice would be against policy.

Q: With the understanding that group rates can be advertised and sold (with the exception of newspaper, TV and radio), can we still move group bookings into FIT if we don't fill the cabins required to make a group?

A: The policies that exist today for moving bookings from Groups into FIT will remain in place. In most cases, bookings may be moved into FIT if the necessary cabins required to make a group are not filled, but only guest on-board amenities will be protected (bonus commission, dollars off, etc... will not be protected).

Q: Is it legal for Royal Caribbean and Celebrity to have any say in my advertising or pricing practices?

A: We are confident that from an antitrust perspective, travel suppliers can direct the pricing practices of agencies selling their services and products.

EXACTLY WHICH FARE IN YOUR SYSTEM PROVIDES THE FLOOR BELOW WHICH WE CANNOT ADVERTISE?

Q: There are a variety of price codes on the same sailing in your reservation system. Which is the price below which we cannot advertise or sell?

A: Simply put, you cannot advertise or sell prices below the lowest applicable publicly available cruise fare that is available to you (“LAPACF”). For example, if the lowest generally available fare in our system for a specific category and sailing date is \$550 but a senior rate of \$500 is also offered for that category and sailing date and you qualify for that senior rate, the LAPACF for you for that berth is \$500.

Q: Are agencies permitted to advertise Resident Rates & Senior Rates?

A: Any agency that qualifies for a special rate, e.g. Sr. Rate & Resident rate, can advertise prices as low as that special rate but only for the specific sailings that qualify for those rates. When restricted rates are advertised in any media, the restrictions must be clearly stated.

Q: If an agency has a group with GAP assigned (i.e., bonus commission), can the group rate be advertised along with the value of the GAP?

A: The group is a contracted piece of business and therefore can be advertised in all media with the exception of newspaper, radio and TV. The advertised prices can include the value of the GAP points since those points are part of the contracted group agreement.

Q: Can final payment on groups be less than the gross rate due (net commission)?

A: Yes. As is the case today, payments on groups can be less than the gross rate due. Our procedures to accommodate this practice have not changed. Due to the utilization of GAP and TCs, the final payment may be submitted net of commission.

DOES THIS POLICY APPLY TO MY TRANSACTION?

Q: How can I tell whether this policy applies to my sales?

A: The Rebating Policy applies to any travel agency sales in North America.

Note: The descriptions of the Rebating Policy contained in this document are not intended to exhaustively cover all aspects of the Rebating Policy and are subject to change without notice or liability to the cruise lines.